

Testimony of the Real Estate Commission

**Before the
House Committee on Consumer Protection and Commerce
Thursday, March 21, 2019
2:00 p.m.
State Capitol, Conference Room 329**

**On the following measure:
H.R. 63, REQUESTING THE LEGISLATIVE REFERENCE BUREAU, IN
CONSULTATION WITH THE DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO CONDUCT A STUDY ON THE IMPLEMENTATION OF
RECOMMENDATIONS FOUND IN THE CONDOMINIUM GOVERNANCE – AN
EXAMINATION OF SOME ISSUES 1989 REPORT BY THE LEGISLATIVE
REFERENCE BUREAU**

Chair Takumi and Members of the Committee:

My name is Michael Pang, and I am the Chairperson of the Real Estate Commission (Commission). The Commission supports this resolution and suggests amendments.

The purpose of this resolution is to request that the Legislative Reference Bureau (Bureau), in consultation with the Department of Commerce and Consumer Affairs and with the cooperation of the Commission, conduct a study on whether, and to what degree, the findings and recommendations in a study titled *Condominium Governance – An Examination of Some Issues*, Report No. 4, 1989, have been implemented. In addition, it requests that the study address any further action that may be needed and that a report be submitted to the Legislature prior to the convening of the Regular Session of 2020.

The Commission notes that most of the findings and recommendations in the 1989 study have been addressed over the past 30 years and is committed to assisting the Bureau in any follow-up study.

The Commission suggests that any follow-up study include at least three additional areas of inquiry and provide recommended solutions. First, the study should assess whether the current form and content of the developer's public report provides adequate and understandable disclosures to prospective purchasers of new and converted condominium projects. Second, the study should assess whether the current

reserves requirement provides sufficient incentives for registered condominium associations to adequately fund and study the issue. Third, the study should assess whether the use of the current voting process, including proxy voting and the disparate interests of owner-occupants, investor owners, and commercial owners, is appropriate.

The following are the suggested amendments:

BE IT FURTHER RESOLVED that the study shall also assess whether the developer's public report provides adequate and understandable disclosures to prospective purchasers of new and converted projects; if the disclosures are inadequate, provide for methods to further educate prospective purchasers; and

BE IT FURTHER RESOLVED that the study shall also assess and recommend solutions on whether the current financial reserves study and funding requirements completed by the registered associations are sufficient; and

BE IT FURTHER RESOLVED that the study shall also assess and recommend solutions on whether the use of the current voting process is appropriate; whether the proxy voting process provides an advantage or a disadvantage in the governing process; and whether there are inherent conflicts between owner-occupants versus investor owners versus commercial owners.

Thank you for the opportunity to testify on this resolution.